

CRITICAL SUCCESS FACTORS

OPTIMIZE THE HANFORD SITE INFRASTRUCTURE

We will provide safe infrastructure (e.g. utilities, transportation, information management, waste management, analytical laboratories, facilities, fire and emergency services, radiological services, and other sitewide services) in a cost competitive way that supports accomplishment of the Hanford Missions and meets commercial standards.

Indirect project performance is a key to optimizing the Hanford Site Infrastructure. That data specifically relating to Indirect Cost and Liquidation Status is provided on the following pages.

PHMC INDIRECT COST AND PHMC LIQUIDATION STATUS

INDIRECT BASELINE

The Indirect Performance Agreement (PA) baseline remains unchanged at \$252.6 million.

The Indirect Management baseline has been adjusted from \$245.6 million to \$239.5 million as a result of the following approved change requests:

- TRG-99-006, Training Phase II Reduction
- IND-99-007, Reduce Indirects
- IND-99-008, 1100 HLAN Contingency
- WMI-99-001, Solid Waste Pool Volume/Rate Adjustment
- IRM-99-002, Restructuring Media Service Pool
- IRM-99-003, Information and Communications Reduction for Direct Billing of Voice/Telephone Services

The \$4.9 million favorable year-to-date variance associated with the originated Indirect Management cost baseline is attributed to Company Level Overheads (CLOH) of \$3.7 million and Service Centers of \$1.2 million. The Department Overheads/ Program Management Assessments (DOH/ PMA) are at budget.

The current favorable variance decreased from last month with the implementation of Phase II reductions. Since Phase I and II reductions are prospective and not retroactive to beginning of fiscal year, the fiscal year to date (FYTD) favorable variance will continue to decrease in outmonths where reductions were implemented to the baseline

There is \$5.2 million unfavorable yearend cost projection. The primary areas of concern are DynCorp Infrastructure PMA/DOH's, Training, Project Direction, Acquisitions, Chief Information Office, Quality Assurance, and Environmental Safety & Health.

OPTIMIZE THE HANFORD SITE INFRASTRUCTURE (CONTINUED)

INDIRECT BASELINE (CONTINUED)

A significant portion of the projected cost is new workscope currently being requested through the change control process. Upon disposition of change requests the baseline will increase or projected cost will decrease.

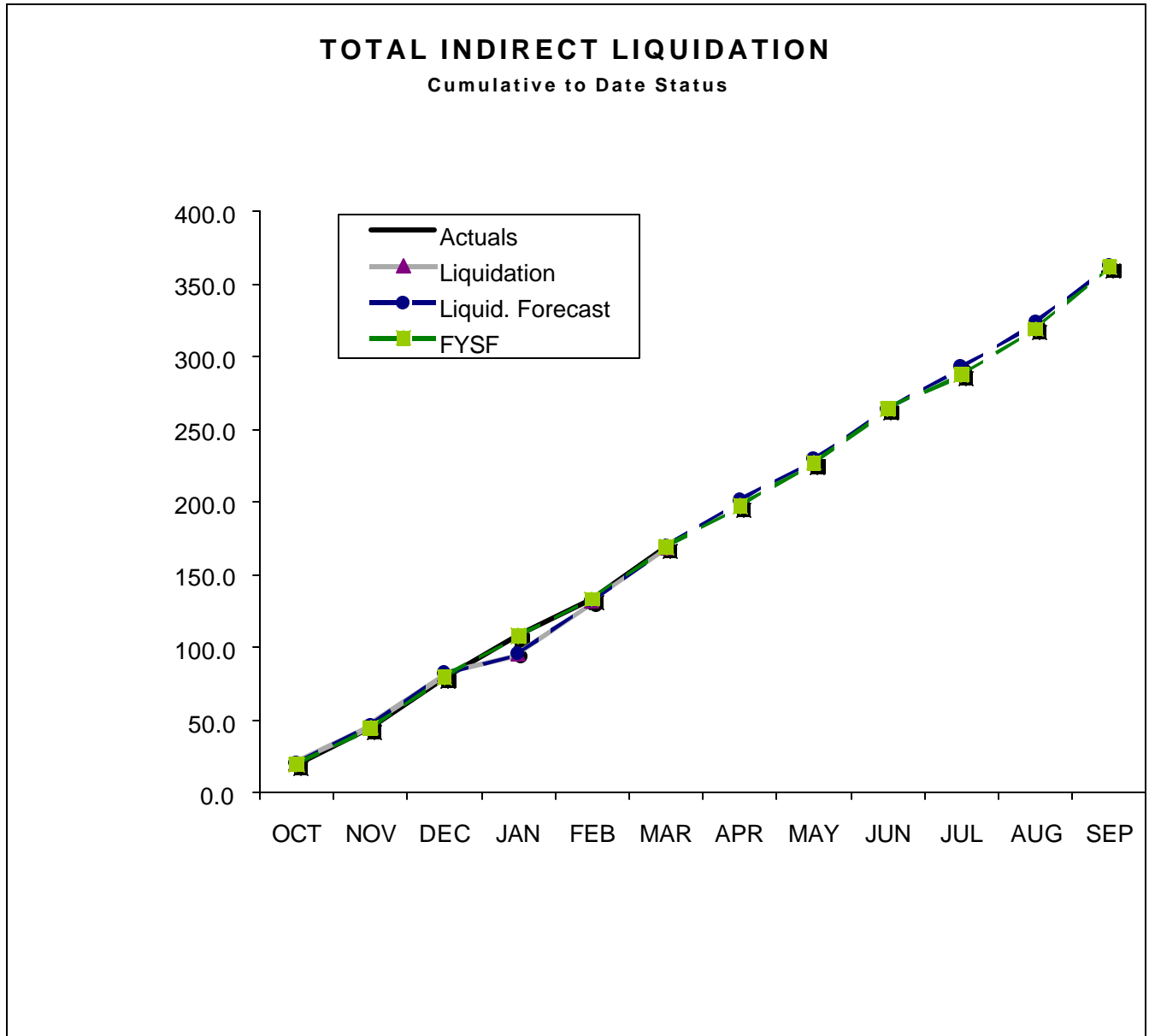
Monthly FDH Senior Management Reviews are being conducted beginning in March to evaluate areas of concern within the indirect baseline and develop corrective actions as necessary to manage indirect cost.

INDIRECT LIQUIDATIONS

The current \$0.1 million under liquidation is attributed to an under liquidation within the CLOH of \$7.5 million, and over liquidations within Service Centers of \$3.0 million and PMA/DOH's of \$4.4 million.

Although individual variances range as high as \$2.7 million in some individual pools, the net liquidation position for the PHMC is nearly even. Currently, PHMC indirects are \$0.1 million under liquidated (0.05% of the indirect cost to date). The net over liquidation is projected to be an insignificant \$0.8 million (0.2% of total indirect cost) at yearend.

OPTIMIZE THE HANFORD SITE INFRASTRUCTURE (CONTINUED)
PROJECT HANFORD MANAGEMENT CONTRACTOR
Indirect Status

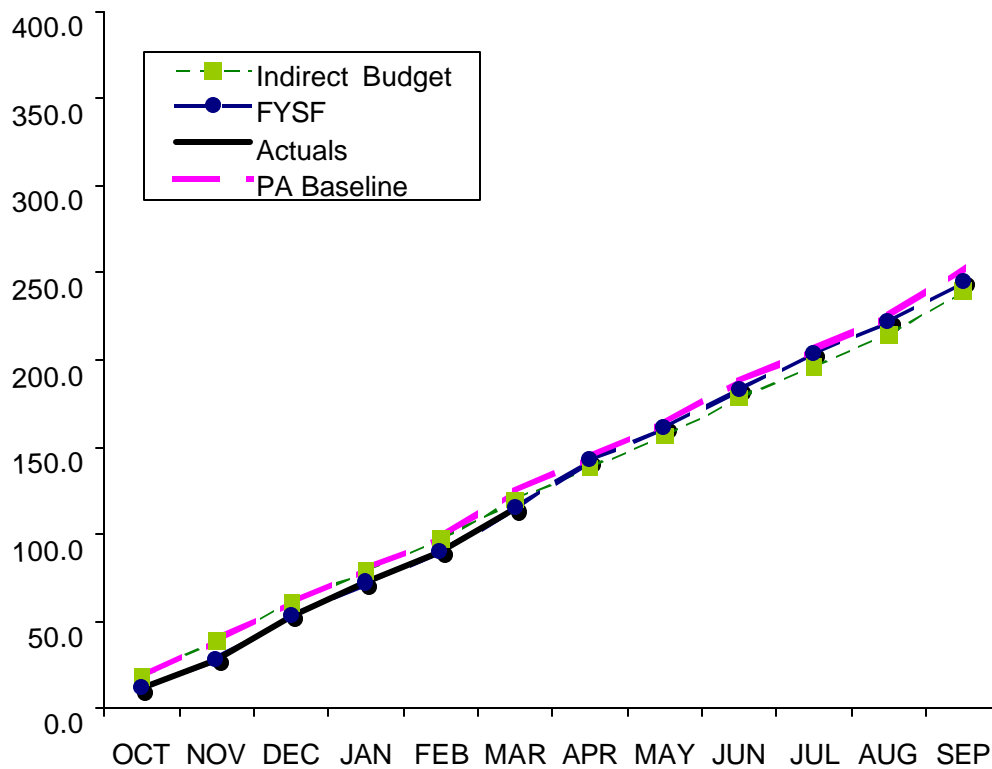


	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Actuals	19.6	44.5	79.6	107.9	133.5	169.1						
Liquidation	20.6	46.2	82.1	95.4	131.5	169.0						
(Over)/Under	(1.0)	(1.7)	(2.5)	12.5	2.0	0.1						
Liquid. Forecast	20.6	46.2	82.1	95.4	131.5	169.0	200.8	229.1	264.0	292.5	323.1	362.5
FYSF	19.6	44.5	79.6	107.9	133.5	169.1	197.2	226.8	264.2	287.7	319.3	361.7

OPTIMIZE THE HANFORD SITE INFRASTRUCTURE (CONTINUED)
PROJECT HANFORD MANAGEMENT CONTRACTOR
Indirect Status

TOTAL INDIRECTS ORIGINATED DOLLARS

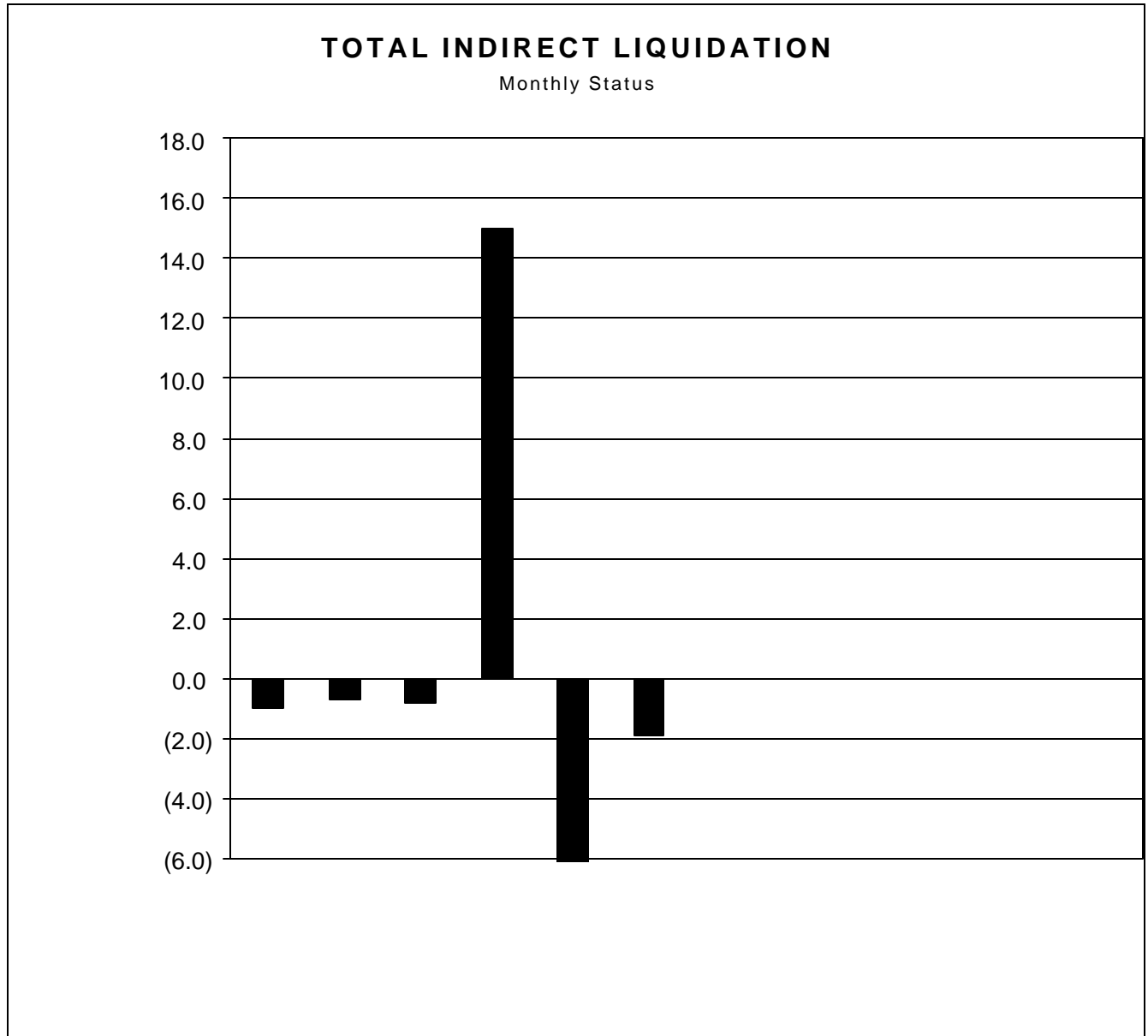
Cumulative to Date Status



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
PA Baseline	18.4	39.3	60.9	79.8	98.5	124.9	144.6	164.2	187.9	205.6	225.2	252.6
Indirect Budget	18.4	39.3	60.8	78.9	97.4	119.8	138.1	156.4	178.3	196.2	214.5	239.5
Actuals	11.5	28.5	53.6	72.2	89.9	114.9						
Variance		10.8	7.2	6.7	7.5	4.9						
FYSF	11.5	28.5	53.6	72.2	89.9	114.9	142.2	160.8	183.1	203.2	221.6	244.7
CM Budget	18.4	20.9	21.5	18.1	18.5	22.4	18.3	18.3	21.9	17.9	18.3	27.4
CM Actuals	11.5	17.0	25.1	18.6	17.7	25.0						
CM Variance	6.9	3.9	(3.6)	(0.5)	0.8	(2.6)						

Hanford Site Performance Report – March 1999
Section B – Site Summary

OPTIMIZE THE HANFORD SITE INFRASTRUCTURE (CONTINUED)
PROJECT HANFORD MANAGEMENT CONTRACTOR
Indirect Status



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
(Over)/Under	(1.0)	(0.7)	(0.8)	15.0	(10.5)	(1.9)						